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CHAPTER 4**DEPOT SOURCE OF REPAIR (DSOR) DECISION PROCESS AND PROCEDURES****4-1. Overview.**

a. The DSOR assignment decision is obtained by first determining if depot support should be provided by a commercial source or by an organic source. This is accomplished by completing the decision tree analysis (DTA) or other similar process, which is an acquiring Service responsibility. Second, the depot maintenance interservice (DMI) review is accomplished under the Joint Depot Maintenance (JDM) Program. Figure 4-1 illustrates the flow of activities which must be completed once a requirement for depot maintenance support has been identified. The result of this two-step process is the formal issuance of a coordinated, joint Service decision memorandum assigning the depot repair source to a specific organic depot maintenance activity or to the commercial sector. This process is intended to identify existing depot sources of repair for new acquisition programs and thereby preclude inadvertently duplicating depot maintenance workload assignments. The process will also identify opportunities for joint contracting for further cost savings and will identify alternate sources of repair for existing depot programs planned for relocation.

b. Systems and equipment that meet one of the criteria in paragraph 4-2 shall be identified early for timely completion of the DMI review. Items so identified will be subjected to varying levels of review, both in Service offices and the Joint Depot Maintenance Activities Group (JDMAG), in order to develop the DSOR assignment decision. Following the joint Service decision, the involved Service Maintenance Interservice Support Management Offices (MISMO) will notify the appropriate commands and activities within their respective Services to commence implementation of the DSOR assignment decision.

4-2. Items Requiring Depot Maintenance Interservice (DMI) Review. All weapon systems, end items, systems, subsystems, equipment, or components, whether single-Service or jointly managed (used), which require depot level maintenance and meet any of the following criteria shall be submitted for DMI review and assignment of the DSOR. Programs planned for commercial support are not excluded from this requirement.

a. New acquisitions, including modifications to existing items, regardless of the investment required.

b. Existing depot repair programs planned for transition from contract to organic support or from organic to contract support, regardless of the investment required or the value of the program.

c. Existing interservice depot repair program relationships planned for termination, regardless of reason, investment/cost required, or the value of the program.

d. Existing depot repair programs for which a planned expansion of capability requires an additional capital expenditure of \$250,000 or more.

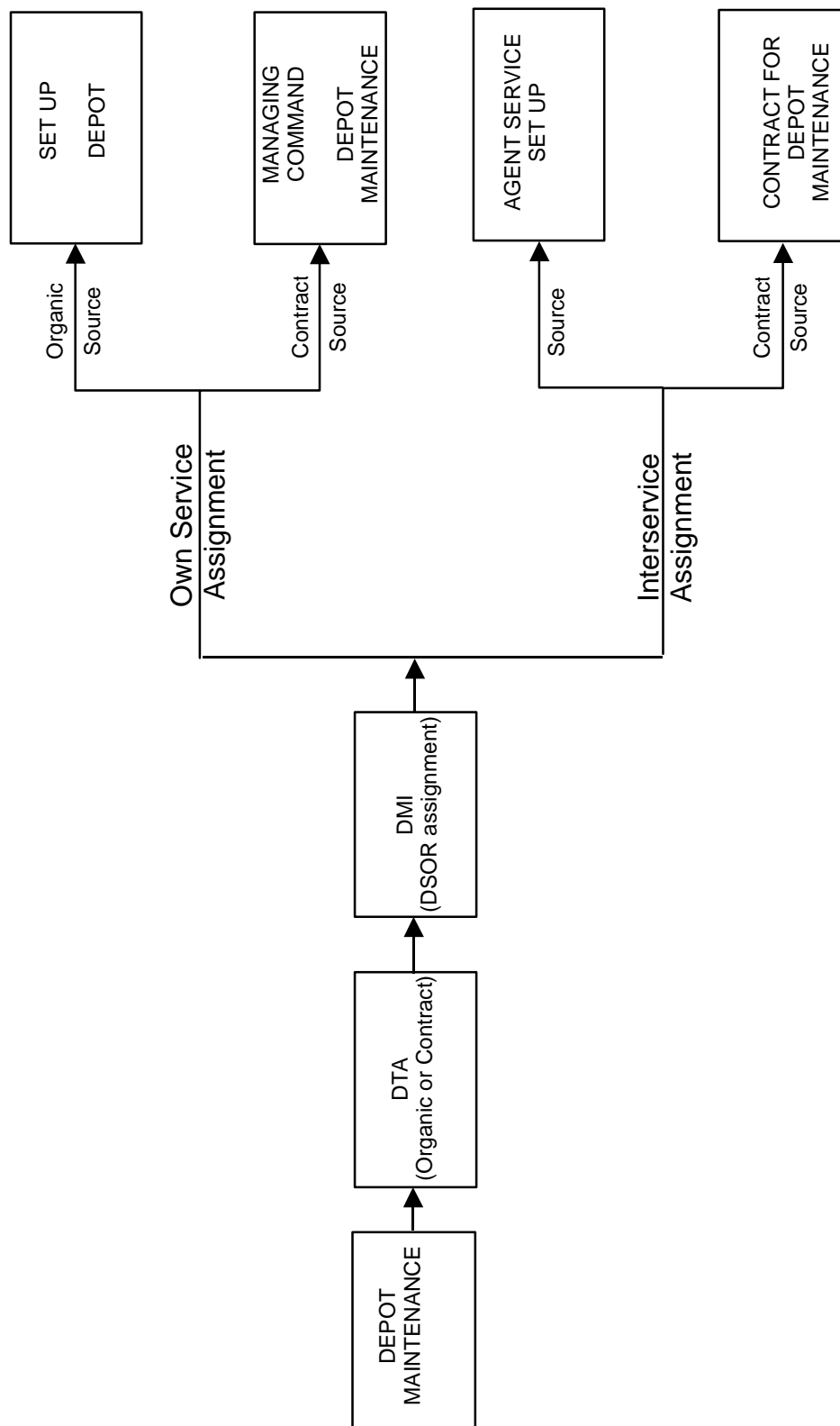


Figure 4-1. Depot Source of Repair Decision Process

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e. Existing depot repair programs planned for relocation, if the associated total expenditure required is \$250,000 or more.

4-3. Service Assignment or Retention of Workload. Service proposals to assign or retain a specific workload within its own depot maintenance infrastructure without the requisite DMI review shall be presented to the Joint Group on Depot Maintenance (JG-DM) by the respective Service JG-DM member.

4-4. Limitation on Depot Support Investments. Commitment of funds leading to the establishment of a capability at a specific depot site or with specific support equipment (or other depot level support elements such as software, tooling, etc.) shall not be made prior to the joint Service DSOR assignment decision. Contractor depot level maintenance required for support of engineering development or preproduction equipment or for interim contractor support (ICS) planned for a finite period to satisfy low-rate initial production (LRIP) or initial fielding requirements prior to the need for a permanent repair capability is not considered an assignment of depot maintenance responsibility under this regulation. The existence or establishment of such an interim capability does not preclude the requirement for the DMI review under this regulation.

4-5 Decision Tree Analysis (DTA). A DTA or similar decision logic process shall be conducted for each new-design equipment during the developmental phase and during acquisition planning for nondevelopmental items (NDI) and commercial-off-the-shelf (COTS) items in accordance with DoDD 4151.18, Maintenance of Military Materiel, and any implementing Service procedures. The DTA will determine if depot level support should be provided by a commercial source or by an organic source. This process will determine the introducing (requiring) Service's candidate depot source of repair (commercial or organic) for the DMI study. A generic DTA process is illustrated in the logic diagram shown in Figure 4-2. The actual process and determinants shall be in accordance with current public law and DoD and Service policy.

4-6. Submission of Items for Depot Maintenance Interservice (DMI) Review. Items which require DMI review shall be identified and submitted by the managing Service program acquisition/logistics office in accordance with any implementing Service procedures. This action is initiated by completing and forwarding JLC Form 27, "DMI Candidate Information" (paragraph 4-11), and JLC Form 44, "Depot Maintenance Planning Information" (paragraph 4-11), to the Service MISMO.

a. **Time Frame for Introduction.** For new acquisitions, the forms shall be submitted as soon as possible, but within 90 days after award of the Engineering and Manufacturing Development (EMD) contract (or the equivalent acquisition phase for accelerated programs). For existing items, including NDI and COTS items, the forms shall be submitted when the investment requirement is identified. Systems planned for commercial support, as well as those for which depot-level support will be determined by competition, shall be introduced for DMI review in the standard time frame.

b. **Level of Identification.** Submissions (introductions) for DMI review shall be made at the same level of identification as the acquisition or modification program, for example, the F-22 Aircraft (weapon system), the AN/UPM-155 IFF Test Set (end items), the AN/AAR-51 Infrared Detecting Set (AV-8B aircraft subsystem), C-8021E/ASN Compass Control (multiple applica-

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tion component), and AN/SLQ-32(V)5 Electronic Countermeasures Set (equipment modification program). After submission for the DMI study by the MISMO, JDMAG will break out the item, if necessary for study management purposes, and assign discrete study numbers as part of the DMI study planning activity. JDMAG will coordinate these actions with the responsible acquisition management offices.

c. Communications Security Materiel (Federal Stock Class (FSC) 5810 and FSC 5811).

(1) FSC 5810 (cryptologic) and 5811 (signals intelligence) materiel shall be subjected to a DMI review by the appropriate Depot Maintenance Interservice Working Group (DMIWG). In general, the concepts, policies and procedures specified within this regulation regarding the DSOR decision process apply to the FSC 5810 and 5811 materiel DMI review. However, the DMIWGs shall adhere to other appropriate authority policies and directives in selecting DSORs.

(2) FSC 5810 and 5811 items that meet the criteria for DMI review shall be identified and JLC Forms 27 and 44 submitted to the Service MISMO by the managing program acquisition/ logistics office. The MISMO will then submit the item to JDMAG. In the event that FSC 5810 or 5811 materiel is contained within items submitted to JDMAG for DMI review, JDMAG will refer the item to the appropriate DMIWG for DSOR recommendation. However, depending upon acquiring Service policy, embedded FSC 5810 or 5811 materiel may be studied with its higher level equipment/system. Upon receiving a DSOR recommendation from a DMIWG, JDMAG will staff the recommendation to the Services.

(3) In the event a DMIWG initiates and completes a study for depot assignment of an item for which it has cognizance, it shall submit the DSOR recommendation to the JDMAG for Service staffing and attainment of a joint Service decision.

d. Industrial Plant Equipment (IPE) (Federal Stock Group (FSG) 34).

(1) IPE shall be subjected to a DMI review for purposes of documenting and announcing the DSOR assignment decision. The Defense Logistics Agency (DLA), as the Consolidated Materiel Manager (CMM), is responsible for acquisition and logistics management of the total FSG 34 requirements for the Department of Defense (DoD). This CMM assignment includes both consumable as well as reparable item management and depot support services. The Defense Supply Center Richmond (DSCR) operates an IPE repair facility at Mechanicsburg, PA, to provide repair, rebuild, relocation services, shop layout services, condition assessment, equipment modernization, and Occupational Safety and Health Administration (OSHA) compliance services. These services can be provided at the customer's location.

(2) FSG 34 items that meet the criteria for DMI review shall be identified and JLC Forms 27 and 44 submitted to the DLA JDM Program focal point by the DLA acquisition/logistics office or if the acquisition is being made by a Service, the submission shall be made to the Service MISMO by the acquisition/logistics office. The DLA JDM Program focal point/Service MISMO will then submit the item to JDMAG. JDMAG will conduct a summary level DMI study and staff the results with the Services and DLA.

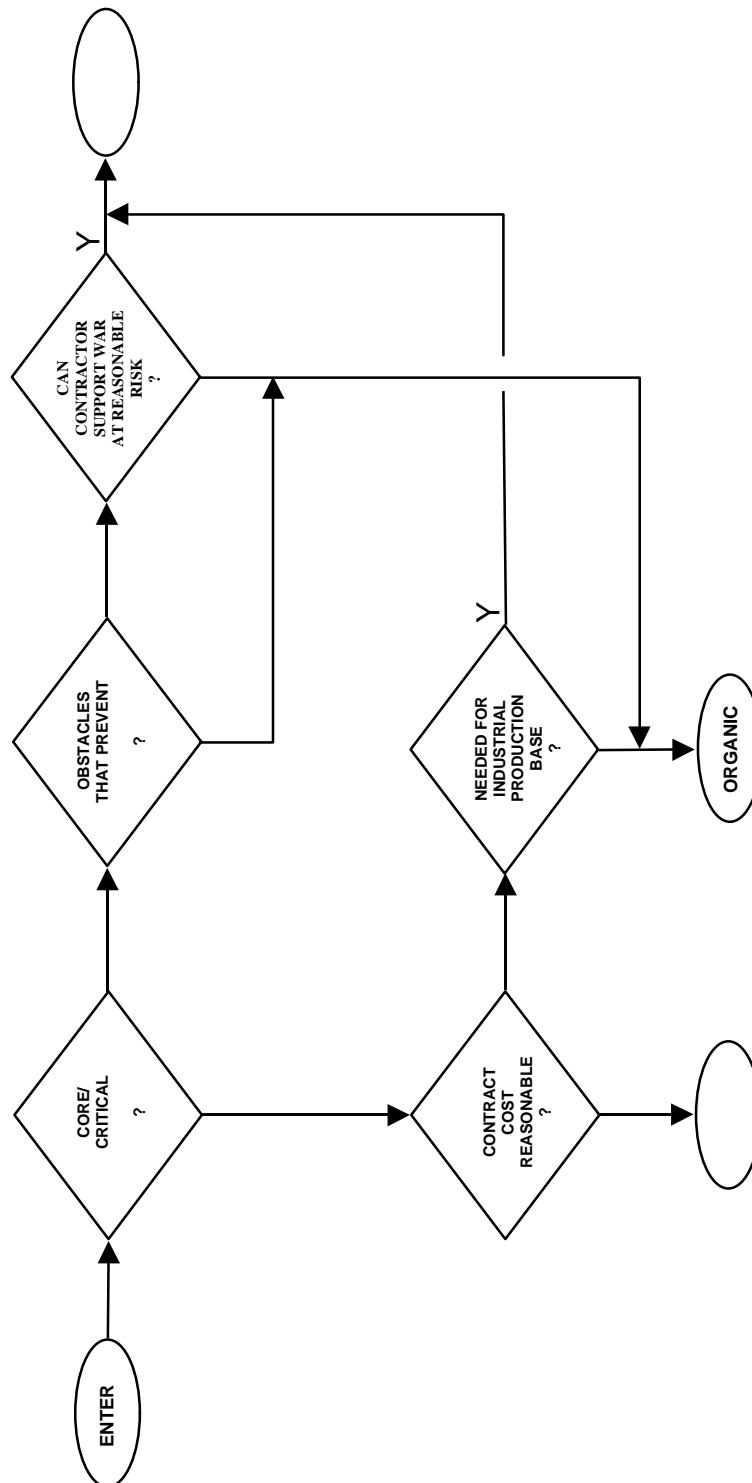


Figure 4-2. Decision Tree Analysis (Generic)

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4-7. Depot Maintenance Interservice (DMI) Review Alternatives. The introducing Service MISMO will determine the type of DMI review that is applicable. Items may be forwarded to JDMAG at any time; however, the JDMAG will not register the item nor initiate review action until the introducing Service MISMO indicates the type of review to be conducted. The four types of review are:

a. **Directed Depot Source of Repair (DSOR).** This review accommodates DSOR assignments, to either contract or organic sources, resulting from decisions made at a level of authority higher than the introducing Service logistics commander that preclude any alternative assignment. Examples include those workloads directed in approved program management decisions, Service-level agreements, Department of Defense programs, State Department agreements, or decisions resulting from public law. Such workloads shall be identified and appropriate documentation submitted to the JDMAG for recording and announcement of the joint Service decision.

b. **Service Workload Competition.** This review accommodates DSOR assignments resulting from a competition, which is open to public activities, conducted by a requiring Service for a depot maintenance workload. Either a public-private or a public-public competition may be elected. Service depots from other than the requiring Service may not be excluded from a competition under this DMI review alternative. The results of this competition shall be submitted to the JDMAG, with appropriate documentation, for recording and announcement of the joint Service decision. Refer to Appendix G of this regulation for guidance on competition.

c. **Maintenance Interservice Support Management Office (MISMO) Review.** If the introducing (acquiring) Service determines there is no benefit to be gained by a JDMAG DMI study of the item, it may submit the results of its review and DSOR assignment recommendation to the other Services for their concurrence and to the JDMAG for tracking. The JDMAG will record and announce the joint Service decision upon receipt of the other Service concurrences.

d. **Joint Depot Maintenance Activities Group (JDMAG) Depot Maintenance Interservice (DMI) Study.** Workloads that do not qualify for Directed DSOR or are not considered for Service Workload Competition or MISMO Review shall be subjected to a JDMAG DMI Study.

(1) One of two levels of study may be conducted by the JDMAG. The summary study is used for small investment, low-volume workload items or those items where there is an obvious depot assignment based on known capabilities or other considerations. Planned depot support by commercial sources is also reviewed under the summary study process. The comparative study is used when there is significant investment, significant workload, multiple users, or multiple Service candidate depots for workload assignment. The comparative study methodology provides a basis for comparison of recurring repair costs and nonrecurring organic depot facility, equipment and training costs to establish a capability.

(2) The results of both the summary and comparative studies will be submitted by the JDMAG to all the Services for their concurrence. Upon unanimous concurrence, the JDMAG will record and announce the joint Service decision.

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4-8. Processing of Depot Maintenance Interservice (DMI) Review Submissions. The introducing Service MISMO shall verify that submissions meet the criteria for DMI review cited in paragraph 4-2. If the submitting program acquisition/logistics office has identified the item for Directed DSOR or Service Workload Competition assignment, the MISMO shall verify the Service decision and ensure that appropriate documentation has been furnished with the submission. If a MISMO review is appropriate, the MISMO shall accumulate and/or develop the required documentation. All other submissions will be processed by the MISMO for a JDMAG DMI Study. Upon completion of the MISMO processing, the item will be submitted, with all necessary documentation, to the JDMAG and to the other Service MISMOs for DMI review action.

4-9. Depot Maintenance Interservice (DMI) Study Process. The DMI study process is illustrated in the logic diagram shown in Figure 4-3. The following paragraphs describe the DMI study process. Key Figure 4-3 block numbers are listed in the appropriate paragraphs.

a. The criteria to determine items that should be submitted for DMI study (block 1) are listed in paragraph 4-2.

b. If the acquiring Service determines an item meets the criteria as a directed DSOR assignment (block 2), the Service MISMO will submit supporting documentation to the JDMAG, with copies to the other MISMOs (block 3). The JDMAG will record and announce the DSOR assignment decision (block 4). The Service(s) will then implement the DSOR decision (block 5).

c. If the acquiring Service determines competition should be the basis for selection of the DSOR (block 6), the Service MISMO will notify the JDMAG and the other MISMOs. The competition is then conducted in accordance with the guidance in Appendix G of this regulation (block 7) and the DSOR selected is submitted to the JDMAG, with copies to the other MISMOs (block 3). The JDMAG will record and announce the DSOR assignment decision (block 4). The Service(s) will then implement the DSOR decision (block 5).

d. If the acquiring Service determines that a candidate workload does not warrant a joint review (block 8), it may conduct a MISMO Review (block 9) and submit its DSOR recommendation to the other MISMOs for review and concurrence, with a copy to the JDMAG (block 10). Upon concurrence of the other MISMOs (block 11), JDMAG will record and announce the DSOR assignment decision (block 4). If one or more MISMOs nonconcur for their Service, the issue will be referred to the JG-DM for resolution (block 12). In lieu of submitting the issue to the JG-DM for decision, the acquiring Service may elect to submit it for JDMAG DMI study (block 13). JDMAG will record and announce the DSOR assignment decision (block 4) when directed by the JG-DM. The Service(s) will then implement the DSOR decision (block 5).

e. When the provisions of Directed DSOR, Service Workload Competition, and MISMO Review do not apply, the acquiring Service MISMO submits the item to JDMAG for a DMI study with copies to the other MISMOs (block 13). The JDMAG plans and conducts the study, develops a DSOR recommendation, and submits the results to the MISMOs for review and concurrence (blocks 14-17). Upon concurrence of the MISMOs (block 18), JDMAG will record and announce the DSOR assignment decision (block 4). If one or more MISMOs nonconcur for their Service, JDMAG will attempt to reconcile the nonconcurrence. If reconciliation is not success-

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ful, JDMAG will refer the issue to the JG-DM for resolution (block 12). JDMAG will record and announce the DSOR assignment decision (block 4) when directed by the JG-DM. The Service(s) will then implement the DSOR decision (block 5).

f. In accordance with its internal processes, the JDMAG will review the introductory data and plan the DMI study (block 14). During study planning, JDMAG determines if the introduction warrants a summary or comparative study and requests the technical and program information (paragraph 4-11) necessary to conduct the level of study indicated. Also during study planning, JDMAG requests candidate depot nominations (paragraph 4-10), as appropriate, from the Services.

(1) A summary study will evaluate potential DSOR assignment to the nominated candidate depot, either organic or commercial, and assure that all Service users have been considered. JDMAG will obtain program estimates of workload size and facilitation costs, when available. These data will be considered in the study and included in the study report and DSOR assignment recommendation.

(2) A comparative study will evaluate the potential DSOR assignment based on the results of proposals submitted by the nominated candidate depots. Only organic depots may be considered for assignment under the comparative study process. Determinants for this evaluation are outlined in paragraph 4-14. Program and technical data will be developed by the acquiring program acquisition/logistics office/potential customer (Principal) and provided via the JDMAG to the candidate depots for preparation of their proposals. These proposals, provided in the Depot Support Proposal (DSP) format (paragraph 4-11d(2)), address the depot main-tenance requirements of the potential customer as defined in JDMAG's DSP request.

g. In those cases where concurrence from all Service MISMOs cannot be obtained on a DSOR recommendation and additional coordination by JDMAG does not result in agreement, JDMAG will refer the study to the JG-DM for resolution (block 12). Upon resolution by the JG-DM, JDMAG will record and announce the DSOR assignment decision (block 4) and the Service(s) will implement it (block 5).

4-10. Candidate Depot Participation. One candidate depot may be nominated by each Service for DSOR assignment consideration in a DMI study. Nominations are made by the MISMOs to the JDMAG, upon request. Once identified, the candidate depots will provide their full cooperation and respond to the necessary data calls, site surveys, and related study efforts. A Service will nominate a candidate depot when a Service depot planning objective can be met, the depot has an existing capability or assignment to the depot offers a significant savings opportunity. Further, Services will consider other constraints, such as mandated or budgeted manpower ceilings, when nominating candidate depots.

4-11. Data Requirements. Data requirements vary by DMI review alternative and the depth and scope of study undertaken. JDMAG will tailor data requests to the study requirement to avoid requesting unnecessary data. All DMI reviews require JLC Forms 27, 28 and 44, as a minimum. All JLC forms utilized in the DMI review process are listed in paragraph 4-13.

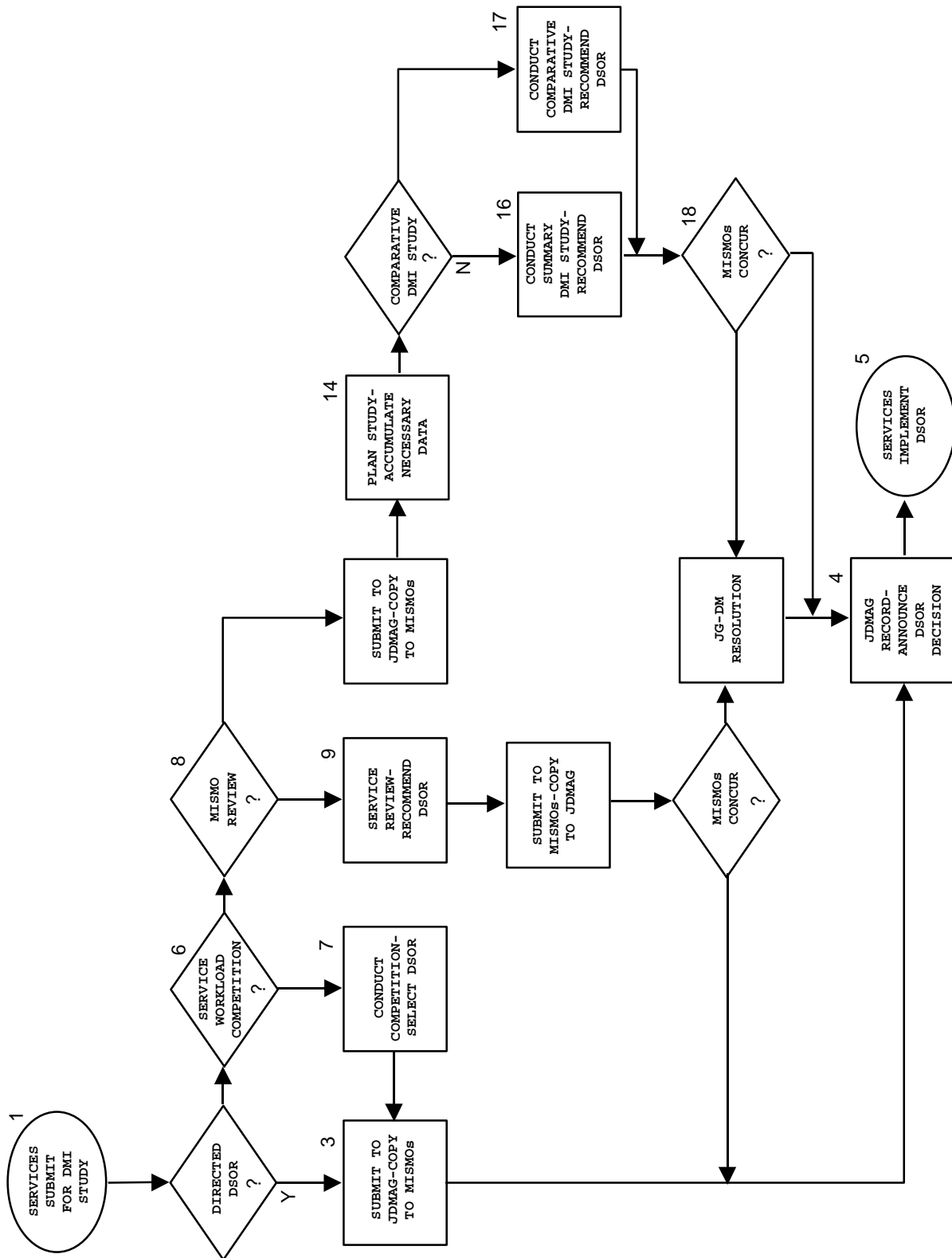


Figure 4-3. Depot Maintenance Interservice Study Logic Diagram

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a. **Directed DSOR.** Data requirements for recording Directed DSOR decisions include the JLC Forms 27, 28 and 44, and documentation of the decision.

b. **Service Workload Competition.** Data requirements for recording Service Workload Competitions include the JLC Forms 27, 28 and 44, and documentation of the Service decision to compete the workload. Also required are the milestones for the competition, including announcement, request for proposal release, award, and work commencement. The JDMAG shall be notified of the DSOR awarded the workload following source selection.

c. **Maintenance Interservice Support Management Office (MISMO) Review.** Data requirements for the MISMO Review include the JLC Forms 27, 28 and 44, and additional data that describe the workload involved as to size (direct labor man-hours) and investment (additional cost) to establish the capability. Information that conveys the basis for the specific DSOR assignment recommendation should also be included in the submission data package. Such information is required to enable the other Service staffs to evaluate the economy and benefits of the assignment in the context of the joint Services' depot capabilities and capacities.

d. **Joint Depot Maintenance Activities Group (JDMAG) Depot Maintenance Interservice (DMI) Study.** Data requirements for the JDMAG DMI Study include the JLC Forms 27 and 44 in the initial submission. The JLC Form 28 will also be required for each study, but may be submitted at a later time.

(1) JLC Forms 29, 30, 31 and 32 and supporting program and technical data, including workload size and facilitation estimates, may also be required for the JDMAG DMI study. If required, these data will be requested by JDMAG at the appropriate time in the study planning phase.

(2) For comparative JDMAG DMI studies, and for certain other studies and reviews, the DSP will be requested from the candidate depots by the JDMAG. The DSP generally includes the following JLC Forms: 33, 34, 35, 36, 37, 38, 39, 40, 41, 48, 49, 50 and 51. However, DSP requirements may be tailored by JDMAG, based upon the requirements of a particular study.

4-12. Data Sources.

a. **Logistics Management Information (LMI).** LMI can be utilized to satisfy many of the data requirements for DMI studies. MIL-PRF-49506, Logistics Management Information, provides a vehicle for the government to obtain data from contractors necessary for logistics planning purposes. Submission of contractor-developed data products is encouraged both for economy and accuracy. Submission of data by media other than paper should be coordinated with the JDMAG.

b. **Support Equipment Recommendation Data (SERD) and Test Requirements Document (TRD).** When candidate depots are required to identify support equipment or test program sets (TPS) as part of the DSP, the acquiring Service shall submit appropriate requirement specifications or descriptive data as part of the supporting program and technical data package. SERDs and TRDs should be prepared in accordance with approved requirements documents.

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4-13. Standard Data Submission Forms. Standardized data forms are utilized in the DMI review process. Each form has instructions printed on the reverse. The forms may be found at Appendix H; local reproduction is authorized. These forms are:

- JLC Form 27, "DMI Candidate Information"
- JLC Form 28, "Depot Repairable Item List"
- JLC Form 29, "Depot Technical Data Requirements"
- JLC Form 30, "Depot Support Equipment Requirements"
- JLC Form 31, "Projected Depot Workload (Peacetime)"
- JLC Form 32, "Projected Depot Workload (Mobilization)"
- JLC Form 33, "Depot Support Proposal" (Cover Sheet)
- JLC Form 34, "Depot Support Proposal Cost Summary"
- JLC Form 35, "Common Support Equipment Requirements"
- JLC Form 36, "Peculiar Support Equipment Requirements"
- JLC Form 37, "Industrial and Plant Equipment Requirements"
- JLC Form 38, "Facility Requirements"
- JLC Form 39, "Existing Repair Capability"
- JLC Form 40, "Man-hour Requirements/Workload Projection (Peacetime)"
- JLC Form 41, "Man-hour Requirements/Workload Projection Summary (Peacetime)"
- JLC Form 44, "Depot Maintenance Planning Information"
- JLC Form 48, "Repair Cost Projection"
- JLC Form 49, "Repair Cost Projection Summary"
- JLC Form 50, "Unit Repair Cost Comparability Worksheet"
- JLC Form 51, "Training Costs"

4-14. Depot Source of Repair (DSOR) Evaluation Determinants. The primary determinants used to select a DSOR for JDMAG DMI comparative studies are the estimated nonrecurring cost to establish the depot capability and the estimated recurring cost to repair items for the customer. For JDMAG DMI summary studies, nonrecurring cost estimates will be considered. These costs will be determined by the candidate depot(s) and based on the potential customer's requirements identified in the program and technical data package. DSPs should indicate any relationship between unit cost fluctuations and item quantity fluctuations, or other variable requirement factors routinely encountered in depot maintenance programs (sensitivity analyses).

a. Nonrecurring cost generally consists of the initial capital investment for support equipment (including automatic test equipment (ATE) and associated test program sets-software, firmware, and interface adapters); facility construction, renovation and/or alteration; and training. Costs should only be identified as nonrecurring if they are funded with one-time expenditures and will not be recouped from the customer on a unit repair cost basis. All capital investment costs, regardless of funding source, including items planned to be funded/furnished by the prospective Principal(s), must be identified in the candidate depot's DSP. When phased or incremental investments are planned, a proposed schedule should also be provided that identifies funding requirements and associated capability.

b. Recurring cost is the price per unit that has been developed in accordance with the standard procedures and techniques provided in the DDMC Cost Comparability Handbook

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(CCHB) and projected for the workload described in the program and technical data package. Specific instructions will accompany each request for candidate depot proposal.

c. Additional determinants to accommodate unique factors associated with the item under study may be included in individual studies. These additional determinants may include but are not limited to transportation costs (which may be applied for example to vehicles, communications shelters, or other "bulk" items), and variations in the repair quantities and/or pipeline spare requirements costs. Additional determinants, when appropriate, will be agreed to by the MISMOs and JDMAG during the planning phase of each study.

4-15. Unit Repair Cost Calculation. Use of the JLC Form 50, "Unit Repair Cost Comparability Worksheet", facilitates development of unit repair costs for the DSP. The worksheet provides a standardized form on which to collect the costs associated with repairing items within the candidate depot activity. Standard procedures and techniques from the DDMC CCHB shall be utilized in preparing the worksheet. If multiple cost centers are involved in the repair of an item, a composite worksheet should be prepared with information on the apportionment provided in the remarks section.

4-16. Cost Avoidance Calculation. Cost avoidance is generally determined by comparing the sum of the nonrecurring and recurring costs identified by the candidate depot DSPs. However, cost avoidance may also be identified by other means.

a. For Service-peculiar items, where interservicing is recommended, cost avoidance is the difference between the sum of the nonrecurring and the recurring costs projected by the Principal's depot(s) and those costs projected by the recommended Agent's depot.

b. For commonly used items, cost avoidance is derived by subtracting the sum of the nonrecurring and the recurring costs projected by the recommended Agent's depot from those costs projected by all using Services for support of their own workloads.

4-17. Service Review of Depot Source of Repair (DSOR) Recommendations. JDMAG shall submit its DSOR assignment recommendations to the Service MISMOs. DSOR assignment recommendations made by a Service MISMO as a result of a MISMO Review will be submitted to the other Service MISMOs with an information copy to the JDMAG. Each MISMO shall staff all recommendations within its Service in accordance with internal policy and provide concurrence or nonconcurrence, with justification, to JDMAG within 45 days from the date of the submission, or as otherwise specified by the submitter. JDMAG will track the status of DSOR assignment recommendation staffing and notify the MISMOs of overdue suspenses.

4-18. Issuance of Depot Source of Repair (DSOR) Decisions. Unanimous MISMO concurrence or a decision of the JG-DM for a DSOR assignment shall constitute a DSOR decision. JDMAG will release the joint Service decision notification letter within 15 days from receipt of the final MISMO concurrence. JDMAG will record all joint Service decisions in the DMI data files.